

1                               BEFORE THE  
2                               ILLINOIS COMMERCE COMMISSION

3       IN THE MATTER OF:                               )  
4       URJET BACKBONE NETWORK, INC.                    )  
5       Petition for a Certificate                        ) No. 00 -0279  
6       of Authority to Operate as a                     )  
7       Reseller and Facilities -                        )  
8       based Local Exchange                            )  
9       Telecommunications Services                     )  
10       Provider.   )  
11   Chicago, Illinois  
12   June 1, 2000

13                       Met pursuant to notice at 10:00 a.m.

14

15       BEFORE:

16               MS. CLAUDIA SAINSOT, Administrative Law Judge.

17

18       APPEARANCES:

19               KLINE, ZELMAN, ROTHERMEL & DICHTER, L.L.P., by  
20               MR. DAVID KLINE  
21               485 Madison Avenue  
22               New York City, New York 10022  
23               Appearing telephonically for the applicant;

24               MR. ROBERT KOCH and  
25               MS. CINDY JACKSON  
26               527 East Capitol Avenue  
27               Springfield, Illinois 62701  
28               Appearing for the staff of the  
29               Illinois Commerce Commission.

30

31               SULLIVAN REPORTING COMPANY, by  
32               Giraida B. Bordabeheres, CSR

1	I N D E X				
2	Witnesses:	Direct	Cross	Re - direct	Re- cross By Examiner
3	Joseph Bradley	6	9		21
4			15		

5					
6					
7					
8	Number	E X H I B I T S For Identification		In Evidence	
9	Applicant's 1	3		5	

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1 (Whereupon, Applicant's  
2 Exhibit No. 1 was  
3 marked for identification  
4 as of this date.)

5 JUDGE SAINSOT: By the authority vested in me by  
6 the Illinois Commerce Commission, I now call Docket  
7 No. 00-0279, URJET Backbone Network, Inc., which is  
8 a petition for a certificate of authority to operate  
9 as a reseller and facilities-based local exchange  
10 telecommunications services provider.

11 Will the parties identify themselves  
12 for the record, please.

13 MR. KLINE: This is David Kline of the firm of  
14 Kline, Zelman, Rothermel & Dichter on behalf of the  
15 applicant URJET Backbone Network. I have with me  
16 today URJET's witness, Joseph Bradley, vice  
17 president of operations and officer of the company.

18 MS. JACKSON: Cindy Jackson, Consumer Services  
19 Division, Illinois Commerce Commission, 527 East  
20 Capitol Avenue, Springfield, Illinois.

21 MR. KOCH: Robert Koch, K-o-c-h,  
22 Telecommunications Division, Illinois Commerce

1 Commission, 527 East Capitol, Springfield, Illinois.

2 JUDGE SAINSOT: Okay. Mr. Kline, are we ready to  
3 proceed?

4 MR. KLINE: Yes, we are.

5 JUDGE SAINSOT: You want to start by the  
6 application?

7 MR. KLINE: Yes. At this point I'd like to move  
8 to file the amended petition and in conjunction  
9 with that I'd like to move to enter all of the  
10 exhibits from the original petition into the record.

11 JUDGE SAINSOT: Okay. I am physically marking  
12 the second petition as amended with my  
13 less-than-perfect handwriting.

14 Are there any objections?

15 MS. JACKSON: No.

16 JUDGE SAINSOT: Okay. Your motion is granted.  
17 The amended application for a certificate to become  
18 a telecommunications carrier that was filed in this  
19 office yesterday will become part of the record.

20

21

22

1 (Whereupon, Applicant's  
2 Exhibit No. 1 was  
3 admitted into evidence  
4 as of this date.)

5 JUDGE SAINSOT: And you are requesting a waiver of  
6 Section 735.180?

7 MR. KLINE: Yes. I'd like to withdraw that. I'd  
8 like to make that waiver request and withdraw our  
9 request for a waiver under Part 735.

10 JUDGE SAINSOT: Okay. Let me just physically --  
11 I know this is boring, but are there any objections?

12 MS. JACKSON: No.

13 MR. KOCH: No.

14 JUDGE SAINSOT: Okay. Your motion is granted.

15 You can proceed, Counsel.

16 MR. KLINE: Mr. Bradley?

17 MR. BRADLEY: Yes.

18 MR. KLINE: Do you have before you today a copy  
19 of the prefiled testimony?

20 MR. BRADLEY: Yes, I do.

21 MR. KLINE: Was this prefiled testimony prepared  
22 under your care and supervision?

1 MR. BRADLEY: Yes.

2 JUDGE SAINOT: Well, hold on. Before you get  
3 him to testify, let's swear him in.

4 (Witness sworn.)

5 JUDGE SAINOT: You can proceed.

6 JOSEPH BRADLEY,  
7 called as a witness herein, having been first duly  
8 sworn, was examined and testified as follows:

9 DIRECT EXAMINATION

10 BY

11 MR. KLINE:

12 Q. Mr. Bradley?

13 A. Yes.

14 Q. Do you have a copy of your prefiled  
15 testimony before you today?

16 A. Yes.

17 Q. Was this prefiled testimony prepared under  
18 your care and supervision?

19 A. Yes.

20 Q. So if I were to ask you the questions set  
21 forth in the prefiled testimony today, would your  
22 answers be the same as set forth in the prefiled

1 testimony?

2 A. Except for two areas, it would be. On the  
3 testimony, there is a Question No. 27. It says, Who  
4 will be responsible for billing and maintaining a  
5 911 database for your local exchange customers. It  
6 says Pacific Bell, but that would be Ameritech.

7 JUDGE SAINSOT: Which testimony are we talking  
8 about here?

9 MR. KLINE: The May 30th.

10 JUDGE SAINSOT: The earlier -- the supplemental  
11 testimony?

12 MR. KLINE: Yes.

13 JUDGE SAINSOT: For the record, Mr. Kline, when  
14 you are asking him general questions about his  
15 testimony, are you talking about both testimonies?

16 MR. KLINE: Yes, I am.

17 JUDGE SAINSOT: Okay. And now this is a specific  
18 question as to the supplemental testimony; and what  
19 page is that on, again, I'm sorry.

20 MR. KLINE: Page 7, question 27.

21 JUDGE SAINSOT: You can proceed.

22 THE WITNESS: And also Question 28 it also

1 mentions alternative billing and that should be also  
2 as Ameritech.

3 JUDGE SAINSOT: Question 28?

4 THE WITNESS: Yes, ma'am.

5 JUDGE SAINSOT: What page that on? I'm sorry to  
6 be so dense.

7 MR. KLINE: Page 7 again.

8 JUDGE SAINSOT: My Page 7 doesn't have -- are you  
9 sure this is a supplemental testimony?

10 MR. KLINE: Yes.

11 JUDGE SAINSOT: No -- I'm looking at the wrong --  
12 I'm sorry. I'm looking at the wrong testimony.

13 Okay. You can proceed.

14 BY MR. KLINE:

15 Q. Mr. Bradley?

16 A. Yes.

17 Q. Do you have any further changes or additions  
18 to the prefiled testimony?

19 A. No.

20 MR. KLINE: Thank you. At this time we would  
21 like to move the prefiled testimony, both the  
22 original and the supplemental prefiled testimony



1 collectively, hereafter the prefiled testimony, into  
2 the record.

3 JUDGE SAINOT: Are there any objections?

4 MS. JACKSON: No.

5 MR. KOCH: No.

6 JUDGE SAINOT: Okay. Your motion is granted.

7 Any questions?

8 MS. JACKSON: Yes, I have questions.

9 Can you hear me okay, Mr. Bradley?

10 THE WITNESS: Barely. But if I don't I'll  
11 restate the question.

12 MS. JACKSON: I'll just speak up.

13 CROSS-EXAMINATION

14 BY

15 MS. JACKSON:

16 Q. You've requested a waiver of 735.180 which  
17 is the directory provision. How will you ensure  
18 that your consumers are listed in a directory?

19 A. The way that this would be handled would be  
20 pursuant to contract with Ameritech. They would  
21 handle this placement and all customers would  
22 receive the directories from them.

1 Q. On the amended application, Question No. 5,  
2 you list certain people as contact people. You did  
3 not list a person's name for the consumer complaint  
4 resolution, you just give us a customer care center.  
5 Could we have a person's name that we could contact  
6 at that center?

7 A. Yes. I think -- I did hear your question.  
8 It was something to do with the customer care  
9 center. I heard the last part and a contact --

10 Q. Yes.

11 A. I hope I got the question right. A name of  
12 an individual that runs that center to contact would  
13 be Peter Padilla.

14 Q. Could you spell that, please.

15 A. It's -- first name is Peter, P-e-t-e-r; last  
16 name is Padilla, P-a-d-i-l-l-a.

17 Q. Okay. Question No. 13 of the amended  
18 application asks for the applicant's managerial and  
19 technical resources. And it states that that was  
20 attached to the original application; however, I  
21 can't find it attached to either application.

22 MR. KLINE: We're checking. Hold on.

1                   I'm looking at it now. Exhibit 4 has a  
2 list of the officers and directors of the company  
3 and then following that are specific descriptions of  
4 these individuals and their experience in the  
5 telecommunications field. I guess you would call  
6 them resumes. Mr. Bradley's is attached there as  
7 well. Would be Exhibit 4 of the original  
8 application.

9       MS. JACKSON: I have the list of directors and  
10 officers but I do not have the resumes.

11       JUDGE SAINOT: I'm just looking -- I thought I  
12 saw something. It's Exhibit 4?

13       MR. KLINE: Yes.

14       JUDGE SAINOT: Here we go. Here's Exhibit 4.

15       MS. JACKSON: I'm going to glance through that  
16 once Mr. Koch starts doing cross to make sure.  
17 Hopefully we can complete this right here. I'll go  
18 on with my questions.

19 BY MS. JACKSON:

20       Q. Question No. 16 asks how you plan to bill  
21 your customers. Will you bill on a monthly basis?

22       A. Yes.

1 Q. And will your billing statements be  
2 detailed?

3 A. Yes, they will be.

4 Q. And they'll list all services, features,  
5 taxes and surcharges?

6 A. Yes, ma'am.

7 Q. Question No. 22, you talk about that you  
8 will not switch an interexchange provider without  
9 getting a properly signed letter of authorization?

10 A. Yes.

11 Q. Will you have the same procedures for local  
12 service?

13 A. Yes.

14 Q. And does your company have any procedures in  
15 place to prevent cramming?

16 A. I'm sorry. Slamming, did you say?

17 Q. No, cramming?

18 MR. KLINE: The company is not going to bill any  
19 customers for enhanced services for their phone bill  
20 unless they were specifically ordered by the  
21 customer. And at this point there are no enhanced  
22 services offered by the company.

1 JUDGE SAINSOT: Mr. Kline?

2 MR. KLINE: Yes.

3 JUDGE SAINSOT: Could we have your client say  
4 that, please.

5 MR. KLINE: Sorry.

6 THE WITNESS: Currently, right now we do not have  
7 any enhanced services that we would be offering;  
8 however, we will have policies put in place when, in  
9 fact, it comes time to do that in that particular  
10 service area to prevent cramming.

11 Q. Thank you. Have you returned to me the ITAC  
12 and UTAC membership forms?

13 A. I believe we have. Did we sign those and  
14 haven't given those yet? I think we were waiting  
15 for approval, I thought; but I might be wrong.

16 Q. I would like you to re-sign those and return  
17 them as soon as possible and if you can't find the  
18 forms, I will re-send them to you.

19 MR. KLINE: Yeah. If you could send them to me  
20 and I will forward them on to my client.

21 MS. JACKSON: Okay. I will do that.

22

1 BY MS. JACKSON:

2 Q. Also, attached to your original application  
3 you had a tariff. Are you aware that by attaching a  
4 tariff to an application, it is not filed?

5 A. Yes.

6 Q. And that it is not, also, approved?

7 A. Yes.

8 Q. Okay. In the supplemental testimony that  
9 you provided, question -- the answer to Question  
10 No. 2, you state that directories will be issued by  
11 Pacific Bell pursuant to contract. Do you want to  
12 change that to Ameritech too?

13 A. Yes.

14 Q. Will your company abide by all state  
15 cramming laws in addition to slamming laws?

16 A. Yes.

17 Q. Do you plan on using a third-party verifier  
18 at any time?

19 A. I would say probably yes. At some point in  
20 time, yes.

21 MS. JACKSON: Okay. Thank you. That's all my  
22 questions.

1 JUDGE SAINSOT: Mr. Koch, do you have any  
2 questions?

3 MR. KOCH: Yes, I do, ma'am.

4 Can I go off the record just for a  
5 moment, if possible.

6 JUDGE SAINSOT: We can go off the record for a  
7 moment, if that's okay with you, Mr. Kline.

8 MR. KLINE: Yes, it is.

9 (Whereupon, a discussion  
10 was had off the record.)

11 CROSS-EXAMINATION

12 BY

13 MR. KOCH:

14 Q. Has your company -- is it your company's  
15 understanding that you need to submit a chart of  
16 accounts if you're requesting a Part 710 waiver?

17 A. Yes, it is. Can you speak just a little bit  
18 louder.

19 Q. But you did affirmatively hear that  
20 question, correct?

21 A. Yes, I did.

22 Q. How soon could you submit to myself a chart

1 of accounts?

2 A. We could get that to you within the next two  
3 weeks.

4 Q. The financial statements I have before me  
5 have the name UB Networks on some of the pages and  
6 IJNT.Net listed at the top in other places.

7 What is the relation between these  
8 entities and URJET?

9 A. IJNT.Net is a wholly company. UB Networks  
10 is the wholly owned subsidiary, UB Networks being  
11 URJET Backbone Network is the wholly owned  
12 subsidiary of IJNT.

13 Q. Okay. So UB Networks is also an affiliate  
14 of IJNT.Net?

15 A. Yes, it's wholly owned by IJNT.Net.

16 Q. Okay. And URJET is -- where does URJET fit  
17 in relation to UB Networks?

18 A. UB Networks is URJET Backbone Networks;  
19 URJET Internet Services is a division of UBN that  
20 does ISP services; it's is our Internet provider.

21 Q. Did you submit financial statements for  
22 URJET Backbone Network, Inc., on a stand-alone



1 basis?

2 A. The ones that I have in front of me, yes.

3 Where it says UB Networks, those are for UBN or

4 URJET Backbone Network on a stand-alone basis.

5 Q. So they're -- that's a d/b/a, then? I'm not

6 quite certain what the entity UB Networks -- how

7 that and URJET coexist. Is UB Networks a d/b/a?

8 MR. KLINE: They're the same company.

9 THE WITNESS: Maybe that's where the confusion  
10 is.

11 MR. KOCH: Okay.

12 THE WITNESS: It's just used as -- for URJET  
13 Backbone Network, UBN.

14 MR. KLINE: Kind of like American Telephone and  
15 Telegraph; AT&T.

16 MR. KOCH: Okay. So it is a d/b/a.

17 BY MR. KOCH:

18 Q. And these financial statements were revised

19 November 18th, 1999?

20 I'm referring to Exhibit 1, the fax  
21 that was submitted to Staff on May 30th.

22 A. Yes.

1 Q. Are these the most recent financial

2 projections for the company?

3 A. Yes.

4 Q. Are there actual financial statements

5 available for the company?

6 A. Yes.

7 Q. And they were not submitted with this

8 record, though, correct?

9 A. Correct.

10 Q. How soon could those possibly be submitted

11 to myself?

12 A. Without consulting with our CFO, I would

13 assume that we can do that, also, within the next

14 two weeks.

15 Q. And would you happen to know when the most

16 recent financial statements were produced for the

17 company?

18 A. I think just this last quarter.

19 Q. Okay. And --

20 A. I can validate -- I'll have our CFO verify

21 that for you, but I believe it is this last quarter.

22 Q. So it would be, what, March 31 --

1       A.     Yes.

2       Q.     -- 2000?

3       A.     Yes.

4       Q.     How is the company currently funded? Does  
5 the company have an equity investment?

6       A.     Yes. We currently have several private  
7 placement -- we've done several rounds of private  
8 placement funding and we do have a significant  
9 investment insurer company by Nortel Networks.

10      Q.     Okay. Would that be through a leasing  
11 arrangement?

12      A.     It's actually an equity -- about \$7 million  
13 of equity, working capital loans, and also an  
14 additional up to, I believe, \$200 million line of  
15 credit to purchase Nortel equipment.

16      Q.     I guess, to be specific, could you provide  
17 me with a balance sheet and income statement and  
18 statement of cash flows for URJET -- I guess would  
19 be the March 31, 2000 financials?

20      A.     Yes. And I could talk with our CFO, make  
21 sure when -- we'll provide you with the financial  
22 statements. We'll give you the

1 standard -- the cash flow income statement and  
2 balance sheet and I believe the March 31st was the  
3 last close. We'll make sure the CFO gives you the  
4 appropriate, most accurate timely financial  
5 statements.

6 JUDGE SAINSOT: Just so we're clear, Mr. Koch,  
7 you're not asking for anything additional to what  
8 you asked for before, you're just honing it in?

9 MR. KOCH: Yeah. I wanted to specifically state  
10 for the record the exact statements that I was  
11 requesting.

12 JUDGE SAINSOT: Just so we're all clear and  
13 everybody knows what's involved.

14 MR. KOCH: Yes.

15 BY MR. KOCH:

16 Q. I also have one question regarding 911  
17 issues. Referring back to Page 7 of the -- I  
18 believe we called it the supplemental testimony.  
19 Question 28. The question was asked how often will  
20 your company update the 911 database with customer  
21 information.

22 Is it your understanding that that

1 would be on a daily basis or as needed?

2 A. It's my understanding that in working with  
3 the respective local exchange carriers, RBOCs, they  
4 provide pretty strict guidelines in terms of  
5 providing that function in maintaining a database  
6 and when that database needs to be updated and we  
7 would adhere to those guidelines.

8 Q. Well, that would be daily or as needed in  
9 Illinois.

10 MR. KOCH: Those are the only questions I have at  
11 this time, ma'am.

12 JUDGE SAINSOT: I just have a few questions.

13 EXAMINATION

14 BY

15 JUDGE SAINSOT:

16 Q. Does URJET intend to offer  
17 operator-assisted phone calls?

18 A. We will do that from -- in the interconnect  
19 agreement that we will do with Ameritech, we will  
20 use their services to do that function. So, yes, we  
21 will offer those services. That will be through  
22 Ameritech.

1 Q. And you're a Nevada corporation; is that  
2 correct?

3 A. Yes.

4 Q. And you wish to keep your books and records  
5 in Nevada?

6 A. Yes.

7 Q. I just want you to understand that you could  
8 be required to pay for the expense of having Staff  
9 come out to Nevada and look at your books and  
10 records if they do an audit; do you understand that?

11 A. Yes, I do.

12 JUDGE SAINSOT: I think that's it. Now, maybe we  
13 should go off the record for just a second.

14 (Whereupon, a discussion  
15 was had off the record.)

16 JUDGE SAINSOT: Why don't I start by asking  
17 Staff's recommendations at this time.

18 MS. JACKSON: This is Cindy Jackson. For the  
19 portion of application that I've looked at, I see no  
20 reason why this application should not be granted;  
21 but I would also expect to hear a recommendation  
22 from Mr. Koch, too, on the financial portions.

1       MR. KOCH: And for the telecommunications  
2 division, I would need to see updated actual  
3 financial statements from the company before I can  
4 make a recommendation as to their financial  
5 qualifications as well as a chart of accounts before  
6 I could recommend a waiver of Part 710.

7                   And in terms of 911 issues, which is  
8 another area that I deal with, I believe that the  
9 company has met their requirements, has shown that  
10 they -- they have satisfied my concerns with 911  
11 issues.

12                   So, in summary, just the financial  
13 portion of the application as well as the waiver for  
14 Part 710 I would need further information.

15       JUDGE SAINOT: All right. For the record, this  
16 matter will be continued until June 14th at  
17 9:30 a.m. with the hopes that the information that  
18 Mr. Koch needs will be submitted, looked at,  
19 analyzed, and any further questions that Mr. Koch  
20 might have of Mr. Bradley will be entertained at  
21 that time.

22                   Is there anything else?

1 MR. KOCH: Nothing.

2 JUDGE SAINOT: Anything else, Mr. Kline?

3 MR. KLINE: I have nothing further at this time.

4 JUDGE SAINOT: Okay. I guess that concludes the  
5 hearing. We'll see you in two weeks or talk with  
6 you in two weeks. Thank you very much.

7 MR. KOCH: Thank you.

8 MR. KLINE: Thank you.

9 (Whereupon, the above-entitled  
10 matter was continued to  
11 June 14, 2000, at 9:30 a.m.)  
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1 CERTIFICATE OF REPORTER

2 STATE OF ILLINOIS )  
3 )  
4 COUNTY OF COOK )

5 CASE NO. 00-0279

6 TITLE: URJET Backbone Network, Inc.

7 I, Giraida B. Bordabeheres, do hereby certify  
8 that I am a court reporter contracted by SULLIVAN  
9 REPORTING COMPANY, of Chicago, Illinois; that I  
10 reported in shorthand the evidence taken and the  
11 proceedings had in the hearing on the above -entitled  
12 case on the 1st day of June A.D. 2000; that the  
13 foregoing 24 pages are a true and correct transcript  
14 of my shorthand notes so taken as aforesaid, and  
15 contains all the proceedings directed by the  
16 Commission or other person authorized by it to  
17 conduct the said hearing to be stenographically  
18 reported.

19 Dated at Chicago, Illinois, this 20th day  
20 of June A.D. 2000.

21

22 REPORTER